



# Department of Justice

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## **CALIFORNIA EXECUTIVE AGREES TO PLEAD GUILTY TO BID RIGGING ON CONTRACTS WITH THE U.S. NAVY AND OTHERS**

WASHINGTON — The former president of a California marine products company has agreed to plead guilty for his role in a conspiracy to rig bids and allocate customers with respect to marine products purchased by the U.S. Navy, the U.S. Coast Guard and other public and private entities, the Department of Justice announced today.

Under the plea agreement, which is subject to court approval, Andrew Barmakian has agreed to serve a sentence and pay a criminal fine to be determined by the court. He has also agreed to cooperate with the Department's ongoing investigation in the marine products industry. He is the fifth executive to agree to plead guilty in the ongoing investigation.

According to the one-count felony charge filed today in the U.S. District Court in Norfolk, Va., Barmakian, the former president of a marine products company located in Rialto, Calif., participated in a conspiracy between December 2000 and May 2003 to allocate customers and rig bids for contracts to sell plastic marine pilings. The conspirators discussed and agreed among themselves which of them would win contracts from the Department of Defense (DOD), the Department of Homeland Security and others.

"Today's charge underscores our continuing commitment to ensuring competitive contracts for both government and commercial purchasers of products critical to our defense and commercial infrastructure," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

Plastic marine pilings are substitutes for traditional wood timber pilings. They often are used in port and pier construction projects where durability and environmental considerations make them a superior option to traditional wood pilings.

Several former executives of a competing marine products company located in Clearbrook, Va., with whom Barmakian conspired have already pleaded guilty to antitrust and other criminal charges. In January 2008, Robert Taylor, former president, was sentenced to pay a \$300,000 criminal fine and to serve two years in jail. Donald Murray, former Chief Financial Officer, was sentenced in March 2008 to pay a \$75,000 criminal fine and to serve a year and a half in jail for his role in a related conspiracy and other charges. William Alan Potts, former vice president, was sentenced in June 2008 to pay \$60,000 and to serve six months in jail. A California executive, Gerald Thermos, pleaded guilty to his role in a related conspiracy among

manufacturers of foam filled marine fenders and was sentenced in March 2008 to pay a criminal fine of \$50,000 and to serve four months in jail.

The bid-rigging charge against Barmakian, a violation of the Sherman Act, carries a maximum penalty of three years in prison and a \$350,000 fine for an individual for a violation occurring before June 22, 2004. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum.

“DOD contractors who engage in illegal bid-rigging and price-fixing schemes are wasting DOD resources and ultimately compromising the safety of DOD warfighters,” said Rick Gwin, Special Agent in charge of the Western Field Office of the Defense Criminal Investigative Service (DCIS). “DCIS will continue to aggressively pursue this kind of criminal activity.”

The ongoing investigation is being conducted by the Antitrust Division’s National Criminal Enforcement Section, the DOD’s Office of Inspector General, DCIS, and the U.S. Navy Criminal Investigative Service.

Today’s charge is an example of the Department’s commitment to protect U.S. taxpayers from public procurement fraud through the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging or other anti-competitive conduct regarding marine fenders, plastic marine pilings, or related products is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Beach Resident Agency of the DCIS at 562-256-2501.

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